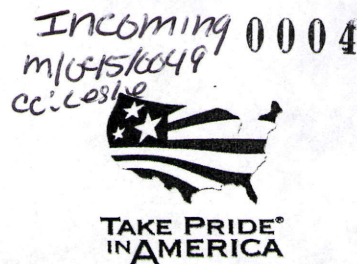




United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Salt Lake Field Office
2370 South 2300 West
Salt Lake City, Utah 84119
ph: (801) 977-4300; Fax: (801) 977-4397
www.ut.blm.gov/saltlake_fo



IN REPLY REFER TO:

3809 U-73999 (UTW011)

FEB 10 2010

Rick Havenstrite
Desert Hawk Gold Corporation
8921 North Indian Trail Road, Suite 288
Spokane, Washington 99208

Dear Mr. Havenstrite:

On October 15, 2009, the Bureau of Land Management (BLM) Salt Lake Field Office received your proposed modification to the Plan of Operations for the Cactus Millsite serialized U-73999. This document was originally submitted to the Utah Division of Oil, Gas and Mining (UDOGM) as a Notice of Intention to Amend Large Mining Operations (UDOGM permit M/045/049). Your request, which is classified as a Plan Amendment by the BLM, is considered to be incomplete.

Before we can accept your Plan Amendment as complete, you must provide this office with the additional information required by 43 CFR 3809.401, including but not limited to the following:

- 1) As part of your description of operations, please provide a flow sheet of your entire processing circuit [§3809.401(b)(2)(ii)].
- 2) A rock characterization and handling plan [§3809.401(b)(2)(iv)].
- 3) A quality assurance plan [§3809.401(b)(2)(v)]. For example, describe in detail all of the disposal procedures you plan to employ regarding wastes such as: oils and fluids, spent solvents, rinse solutions, empty or crushed drums, filters, antifreeze and solid wastes (garbage and trash). The Plan must provide a complete list of all the chemicals to be stored on site with copies of Material Safety Data Sheets for each chemical used. A recent inspection of the site indicates that drums of sodium cyanide are being stored at the site. Please indicate whether these will be used in your proposed operation. If not, they must be removed from the site.
- 4) The Plan Amendment must describe your spill contingency plans [§3809.401(b)(2)(vi)]. For example, describe how you will deal with chemical and fuel spills, and what measures you will take to prevent spills.
- 5) You must provide a general schedule of operations from start through closure [§3809.401(b)(2)(vii)]. For example, provide a schedule of activities, including the date when you expect to begin and end operations, and the date when you expect to complete site reclamation.

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DIV. OF OIL, GAS & MINING

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- 6) The Plan Amendment must describe your plans for water supply pipelines, and power or utility services [§3809.401(b)(2)(viii)]. Utility lines should also be indicated on your map of proposed facilities.
- 7) Include the following additional information in your Reclamation Plan: a description of the equipment, devices and/or practices you propose to use for reclamation including plans for - 1) isolation and control of acid-forming, toxic, or deleterious materials; 2) post-closure management [§3809.401(b)(3)]. Your reclamation plan states that leached material and contaminated debris will be rinsed and neutralized at the completion of operations. Describe how you will test and dispose of the rinse solutions. Your reclamation plan also states that debris from some demolished buildings and facilities will be either removed or buried. Please specify the method, location, and composition of any material or debris you plan to bury on-site. Also describe how you will decontaminate this material and/or verify whether or not it is contaminated.
- 8) A monitoring plan: A proposed plan for monitoring the effect of your operations. You must design monitoring plans to meet the following objectives: To demonstrate compliance with the approved plan of operations and other Federal or State environmental laws and regulations, to provide early detection of potential problems, and to supply information that will assist in directing corrective actions should they become necessary. Where applicable, you must include in monitoring plans details on the type and location of monitoring devices, sampling parameters and frequency, analytical methods, reporting procedures, and procedures to respond to adverse monitoring results. Monitoring plans may incorporate existing State or other Federal monitoring requirements to avoid duplication. Examples of monitoring programs which may be necessary include surface- and ground-water quality and quantity, air quality, revegetation, stability, noise levels, and wildlife mortality [§3809.401(b)(4)].

For instance, you must provide a monitoring plan demonstrating how you will monitor the ground water quality at the site. Your operation plan states that "two monitor wells will be placed down gradient from the pad area to monitor for any leakage". A network of at least four wells would be more appropriate for determining the groundwater flow direction at the site and monitoring for leakage. The monitoring plan should describe how these wells will be used to demonstrate compliance with the above requirements.

- 9) More information is required for some of your appendices. Appendix 4 of your submission contains laboratory results of water samples with no accompanying explanation. Please describe the purpose of these samples and the methodology used to collect and analyze them. Appendix 5 – *Acid Base Potential for Yellow Hammer & Kiewit Ores* also requires more explanation. It is not clear what this data represents or how it was calculated.

- 10) Interim Management Plan: A plan to manage the project area during periods of temporary and/or seasonal closure to prevent unnecessary or undue degradation. The interim management plan must include, where applicable, the six items [(i) through (vi)] listed in §3809.401(b)(5).
- 11) In order to show that the proposed uses and activities will prevent or avoid unnecessary undue degradation, you must show that they will conform to all applicable federal and state environmental standards by obtaining all required permits and authorizations and meeting the standards required by state and federal law.

In accordance with §3809.412, you are not authorized to engage in any of the activities described in your Plan Amendment until this office determines that it is complete, you provide the financial guarantee required under §3809.552, and BLM notifies you that you may begin operations.

Please submit the requested information within 60 days of receipt of this letter. If we do not receive the requested information from you, we will consider your Plan Amendment to be withdrawn.

If you have any questions, or require additional information, please contact Stephen Allen of my staff at (801) 977-4360.

Sincerely,



Michael G. Nelson
Assistant Field Manager,
Nonrenewable Resources

cc: UDOGM, Leslie Heppler, 1594 West No. Temple Ste. 1210 Box 145801 SLC, UT
84114-5801

Mr. O. Jay Gatten, North American Exploration, Inc. 447 North 300 West, Suite #3
Kaysville, Utah 84037-4203